



## 5 of the Best TSX Dividend Stocks to Buy Now for 2021

### Description

Dividend-paying stocks have become an attractive investment to generate a growing passive income stream amid lower interest rates. However, not all stocks are worth investing in at the current price levels. Here we'll focus on five top dividend stocks listed on the **TSX** that are most likely to increase their dividends in 2021 and beyond.

### Algonquin Power & Utilities

**Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) has consistently raised its dividends at a CAGR of 10% over the past decade, thanks to its strong earnings and cash flows. The company's high-quality regulated assets generate predictable and growing cash flows that support its [higher dividend payments](#).

The company projects its rate base to increase at a CAGR of 11.2% through 2025, which could drive its earnings, in turn, its future dividends. Notably, Algonquin's dividend is likely to increase at a pace similar to the rate base growth. Currently, it offers a yield of 3.7% and projects an increase of 10% in annual dividends in 2021.

### TC Energy

Pipeline giant **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) has hiked its dividends at a CAGR of 7% in the last 20 years. Its growing asset base, which is either regulated or contracted, supports the higher dividend payments. Its business remains relatively immune to the economic cycles, thanks to its high-quality asset base and witnesses strong utilization.

TC Energy expects to generate most of its earnings from the regulated and contracted assets, suggesting that its future payouts are safe. Meanwhile, its multi-billion-dollar secured capital program is likely to drive its dividends higher. TC Energy projects 8-10% growth in annual dividends for 2021. Further, it forecasts a 5-7% hike in its dividends after 2021. Currently, it offers a high yield of 5.7%.

## Fortis

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is among the top dividend-paying companies listed on the **TSX**. Its low risk and diversified rate-regulated assets deliver predictable and growing cash flows, driving its dividends higher. The utility giant has raised its dividends in the last 47 years in a row. Meanwhile, it projects a 6% annual growth in its dividends over the next five years.

Fortis expects its rate base to grow at a CAGR of 6% and reach \$40 billion by 2025, which is likely to drive its future earnings and dividends. Moreover, opportunistic acquisitions and growth in the renewable power business should further support its payouts. Fortis' annual dividend yield stands at 3.9% at the current price levels.

## Canadian Utilities

**Canadian Utilities** ([TSX:CU](#)) hiked its dividends for 48 years and could continue to increase it further, thanks to its high-quality earnings base. It generates almost all of its earnings from assets that are regulated. Moreover, it continues to invest in the regulated and contracted assets that are likely to boost its earnings and drive its future dividends.

Besides rate base growth, its cost efficiencies are expected to cushion its earnings and cash flows. Canadian Utilities pays a quarterly dividend of \$0.44 a share, reflecting a stellar yield of 5.5%.

## Enbridge

**Enbridge's** ([TSX:ENB](#))([NYSE:ENB](#)) dividend has grown at a compound annual growth rate (CAGR) of 10% in the past 26 years. Meanwhile, it recently announced a hike of 3% in its annual dividends. Its [robust dividend payments](#) are supported through its diversified revenue sources and contractual arrangements.

Its core business remains strong and is likely to deliver strong distributable cash flows (DCF). Meanwhile, recovery in energy demand and cost reductions is likely to support its revenues and earnings in 2021.

Enbridge projects 5-7% growth in its DCF per share in the coming years, implying that its future dividends could increase at a similar rate in the future. Enbridge currently offers a high dividend yield of 7.6%.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks

### TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)

2. NYSE:ENB (Enbridge Inc.)
3. NYSE:FTS (Fortis Inc.)
4. NYSE:TRP (Tc Energy)
5. TSX:AQN (Algonquin Power & Utilities Corp.)
6. TSX:CU (Canadian Utilities Limited)
7. TSX:ENB (Enbridge Inc.)
8. TSX:FTS (Fortis Inc.)
9. TSX:TRP (TC Energy Corporation)

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